

ORIGINAL

EXHIBIT B

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DEPT. OF WATER RESOURCES
SOUTHERN REGION

Stipulation Agreement

This Stipulation is entered into this 23rd day of May, 2008, between CLEAR SPRINGS FOODS, INC. ("Clear Springs") that is a party to, beneficiary, or holder of interest in water right application 36-16156 and water right 36-7201, and CATHERINE WRIGHT ("Wrights") who is a party to, beneficiary, or holder of interest in certain water rights 36-4019A, 36-4019B, 36-4019C and 36-7248.

RECITALS

- A. Clear Springs holds water right 36-7201 with a priority date of Aug. 4, 1971 which authorizes beneficial (fish propagation and industrial) uses of spring water originating from springs discharging into Kanaka Creek.
- B. Clear Springs filed a ground water right application 36-16156 on April 4, 2003, with the anticipated withdrawal of 2 cfs for beneficial use within Clear Springs' processing plant.
- C. Wrights hold water right 36-4019A, 36-4019B, and 36-4019C with a priority date of April 15, 1927 and 36-7248 with a priority date of May 30, 1972 which authorizes beneficial uses of spring water originating from springs discharging into Kanaka Creek.
- D. Clear Springs desires to appropriate groundwater through Application 36-16156 for industrial and domestic purposes in order to satisfy certain federal safe drinking water requirements. In effectuating this appropriation Clear Springs does not desire expanding its use of water at the processing plant.
- E. In 1972 Clear Springs and the Wrights or their predecessors resolved certain protests to the application for water right 36-7201 by reaching an agreement describing the use and return of water diverted under 36-7201. Clear Springs desires to continue the 1972 Agreement with the Wrights where certain water utilized through the holding ponds and processing plant be returned to Kanaka Creek for beneficial use downstream.
- F. Wrights desire to protect the flows in Kanaka Creek and ensure the continuation of the Agreement between Wrights and Clear Springs.
- G. Certain hydrologic analysis completed by Clear Springs' consultant Dr. Charles Brockway indicates that pumping at the proposed site will not impact Kanaka Creek flows.
- H. Wrights filed protests to Clear Springs' Application 36-16156 in order to protect their interests described herein. The protestant desires to resolve their protests under the terms and conditions enumerated below.

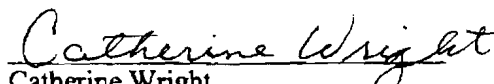
NOW THEREFORE, in consideration of the mutual benefits accruing to the parties hereto, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

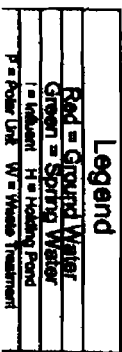
1. That the May 25, 1972 Agreement between Clear Springs and Wrights shall remain in full force and effect. The principle of said Agreement is that Clear Springs through the diversion and use of surface water shall consume no more than 0.50 cfs of Kanaka Creek water. Any Kanaka Creek water diverted in excess of 0.50 cfs under water right 36-7201 shall be returned to Kanaka Creek.
2. To the extent that groundwater diverted under this application 36-16156 is utilized in the processing plant, Clear Springs agrees that it will reduce the amount of water diverted under 36-7201 for industrial use in said plant by a like amount.
3. Without limiting the requirements set forth above, that water that goes through the waste treatment system would not be discharged into Kanaka Creek.
4. Clear Springs agrees to install a measuring device for the groundwater diversion, of appropriate industry standards and accessible to the Watermaster. Record keeping shall be retained by the Watermaster and available to the parties.
5. That Clear Springs will withdraw the proposed Transfer No. 70606.
6. That Clear Springs will not divert an aggregate combined total of more than 10 cfs through the diversion of 36-7201 and 36-16156.
7. The parties agree to a stipulated maximum diversion rate of 1.34 cfs for 36-16156.
8. Clear Springs will replace the schematic in application 36-16156 with the attached schematic.
9. That the Wrights agree to withdraw their protest to application 36-16156.

Dated this 23rd day of May 2008

Dated this 3 day of ^{June}~~May~~ 2008


Clear Springs Foods, Inc.
Larry W. Cope
President and CEO


Catherine Wright

[illegible]